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S E C R E T SECTION 01 OF 02 TRIPOLI 000565

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E.O. 12958: DECL: 7/13/2018  
TAGS: [PGOV](#) [PREL](#) [PINR](#) [ENRG](#) [EPET](#) [KCOR](#) [LY](#)  
SUBJECT: NATIONAL OIL CORPORATION CHAIRMAN SHUKRI GHANEM MAY SEEK TO  
RESIGN SOON

REF: TRIPOLI 227

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Dept of State.

REASON: 1.4 (b), (d)

11. (S/NF) Summary: A close friend of National Oil Corporation (NOC) Chairman Shukri Ghanem told us that Ghanem is under pressure to provide \$1.2 billion in cash or oil shipments to National Security Adviser Muatassim al-Qadhafi (son of Muammar al-Qadhafi), and may seek to resign soon out of fear that Muatassim or his confederates could seek revenge if the funds are not forthcoming. Muatassim reportedly intended to use some of the funds to establish a military/security unit and to support unspecified security upgrades he wanted to make in his capacity as National Security Adviser. Muammar al-Qadhafi, anxious to give the appearance of a pro-reform agenda, had recently asked Ghanem whether he would consider serving again as Prime Minister (a post he occupied in 2004-2006) after a government shake-up later this year. Frustrated by the efforts of conservative regime elements to block needed economic and political reforms - Ghanem does not assess that meaningful economic and political reform are possible until al-Qadhafi passes from the political scene - Ghanem did not accept and is looking for a way to politely decline without offending al-Qadhafi. Speculation about whose star is waxing or waning is a favorite subject of Tripoli's chattering classes and it remains to be seen whether Ghanem makes good on intention to step down; however, it appears there may be something to the claim that Muatassim approached him for a substantial sum of cash. The reported attempts by al-Qadhafi's sons to use the NOC as a personal bank, together with Ghanem's pessimism about the prospects for meaningful reform, suggest that the regime remains unchanged with respect to the way it conducts key elements of its business. End summary.

12. (S/NF) Ibrahim el-Meyet (strictly protect), a prominent Tripoli-based attorney and business consultant, told CDA on July 10 that Dr. Shukri Ghanem, Chairman of Libya's National Oil Corporation (NOC) intends to tender his resignation to Muammar al-Qadhafi soon, perhaps as early as the coming week. (Note: el-Meyet was a Libyan MFA official during the pre-revolutionary period of the Sanussi monarchy; his assignments included London, Paris, Cairo and New York, where he was a member of Libya's UN delegation. End note.) El-Meyet has known Ghanem for more than forty years and considers him a close friend. The two lived in London during the same period in the early 1970's, and their families socialize together at least once a week. El-Meyet spoke with Ghanem on July 5.

## AN INDECENT PROPOSAL

¶3. (S/NF) El-Meyet said Ghanem felt compelled to resign because National Security Adviser Muatassim al-Qadhafi, a son of Muammar al-Qadhafi, had approached him in late June with a request for \$1.2 billion. Muatassim suggested that if Ghanem could not quickly generate such a large sum in cash, he would be willing to accept oil allotments that he could sell privately as an alternative way to generate the funds. (Note: El-Meyet said other sons of al-Qadhafi (NFI) had recently levied demands for oil allotments that they could sell privately as well. End note.) Muatassim refused to say what the money would be used for, but el-Meyet said Ghanem had learned from another well-connected source that Muatassim intended to use some of the funds to establish a military/security unit akin to that of his younger brother, Khamis, and to defray the expense of unspecified "security upgrades" he wanted to make in his capacity as National Security Adviser.

## AL-QADHAFI'S SONS - "UNDISCIPLINED THUGS"

¶4. (S/NF) Ghanem informed Muammar al-Qadhafi in early July about Muatassim's request. Al-Qadhafi laughingly dismissed it and flatly told Ghanem to ignore it; however, according to el-Meyet, Ghanem is "genuinely concerned" that Muatassim or his confederates could seek revenge against Ghanem or his family if Muatassim does not receive the funds and/or learns that his father was informed of the request. The courtly el-Meyet was unusually blunt in assessing al-Qadhafi's children as "undisciplined thugs", noting that "no one can cross or refuse such people (the al-Qadhafi family) without suffering consequences, particularly when the matter is to do with money".

¶5. (S/NF) In a long conversation with el-Meyet on July 5, Ghanem said that given the potential danger to him and his family stemming from Muatassim's request, he sees little choice but to resign. He had already drafted a letter of resignation and was waiting for al-Qadhafi to get through visits by Spanish Foreign Minister Moratinos (who was in town July 10) and the Union for

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the Mediterranean summit in Paris (on July 13) before submitting it. Noting that Ghanem was "the only real reformer left" in the GOL, el-Meyet expressed concern that Ghanem's resignation would seriously impact the GOL at a critical time. Ghanem is a comparatively well-respected technocrat who enjoys a reputation as one of the only senior GOL officials who can speak candidly, and at times openly contradict, Muammar al-Qadhafi. At a time when Libya is trying to push ahead limited economic reforms and oil prices are at a historically unprecedented high, losing Ghanem would be a serious blow.

## NO MEANINGFUL REFORM POSSIBLE IN AL-QADHAFI'S LIFETIME

¶6. (S/NF) In their conversation on July 5, Ghanem expressed frustration to el-Meyet about the difficulty of implementing meaningful reforms in Libya as another reason for resigning. (Note: Ghanem pushed for reform during his stint as Prime Minister in 2004-2006; resistance from conservative regime elements to those changes ultimately prompted al-Qadhafi to replace Ghanem with al-Baghdadi al-Mahmoudi, who is widely viewed as being a more traditional figure with whom the old guard is more comfortable. End note.)

¶7. (S/NF) After several years worth of discussion during their family's weekly get-togethers, el-Meyet and Ghanem have concluded that there will be no real economic or political reform in Libya until al-Qadhafi passes from the political scene. Al-Qadhafi is focused on giving the appearance of reform - and is particularly mindful of U.S. perceptions of Libya's efforts in that regard - and therefore wants a PM with a reformist image. According to el-Meyet, al-Qadhafi asked Ghanem in mid-May whether he would serve again as Prime Minister if al-Mahmoudi leaves office later this year. El-Meyet said Ghanem did not say no - "no one - not even Shukri Ghanem - flatly tells

the Leader no" - but did not express enthusiasm and was trying to find a pretext for declining that would not anger al-Qadhafi.

(Note: Ghanem was among those reportedly being considered for the PM position in the run-up to the March session of the General People's Congress, at which it was expected that al-Mahmoudi would be sacked. El-Meyet said al-Qadhafi had in fact originally intended to replace al-Mahmoudi in March, but thought such a move would be too disruptive if taken in concert with the proposed radical privatization and government restructuring (details reftel) he called for in his GPC address. End note.)

18. (S/NF) Despite the rhetoric, el-Meyet said he and Ghanem believe that al-Qadhafi is not genuinely ready "in his heart and in his bones" to implement change, for two reasons. First, real change would entail undoing economic fiefdoms of regime loyalists whose profitability derives from political connections and who would be unable to successfully compete in an economy characterized by transparency and rule of law. Second, genuine reform would be a tacit admission that the Jamahiriya system, of which al-Qadhafi himself was the author, had failed. Al-Qadhafi perceives himself as "a superman of history" and is not able to admit fault or weakness. Cosmetic attempts at economic reform are acceptable and help advance al-Qadhafi's goal of reingratiating Libya with the West, but the shared assessment of Ghanem and el-Meyet is that meaningful economic and political reform will not occur while al-Qadhafi is alive.

19. (S/NF) Comment: Speculation about which senior GOL official's star is waxing or waning is a favorite subject of the chattering classes in Tripoli and we've heard reports before that Ghanem was unhappy with repeated intervention by old guard elements in his reform efforts and could resign. Whether Ghanem makes good on his stated intention to bow out remains to be seen, but the fact that el-Meyet is a sober-minded observer and enjoys a close relationship with Ghanem suggests that there may be something to the claim that Muatassim approached Ghanem for a substantial sum of cash. The reported attempts by al-Qadhafi's sons to use the NOC as a personal bank, together with the pessimism of el-Meyet and Ghanem about the prospects for meaningful reform, suggest that despite occasional rhetorical flourishes, the underlying dynamic of the regime remains unchanged in some key respects. End comment.  
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